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AGENDA ITEM 6

TO: MEMBERS OF THE PERFORMANCE AND COMPENSATION COMMITTEE

- I. SUBJECT:** 2006-2007 Performance Plans for Recently Appointed Portfolio Managers of Alternative Investments and Short Duration Fixed Income (First Reading)
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** Recommend the Board Approve the First Reading of the 2006-2007 Performance Plans for the Portfolio Managers of Alternative Investments and Short Duration Fixed Income
- IV. ANALYSIS:**

The Board of Administration's compensation procedures include a schedule for approving performance plans and reviewing quarterly status reports. Performance plans for newly-appointed investment management staff are presented on a flow basis, as soon as is practical after each position is filled. This item presents, for first reading, the performance plans and duty statements for the newly-appointed Portfolio Manager, Alternative Investments, and the newly-appointed Portfolio Manager, Short Duration Fixed Income.

In accordance with the program policies and procedures, the quantitative measures in these performance plans have been reviewed by the Board's investment consultant.

V. STRATEGIC PLAN:

Under Goal V of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. This can be accomplished at the highest executive levels through the establishment of methods that provide broad flexibility in the recruitment, retention and compensation of key personnel.

VI. RESULTS/COSTS:

The establishment of performance measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendation in this item will be funded from existing resources.

Chris O'Brien, Chief
Human Resources Division

Gloria Moore Andrews
Deputy Executive Officer - Operations

Attachments

**2006-2007 Performance Plans for
Recently-Appointed Portfolio Managers**

Duty statements and 2006-20076 Fiscal Year Performance Plans are presented for first reading in the following pages:

<u>Position</u>	<u>Current Incumbent</u>
Portfolio Manager, Alternative Investments	Ian Carew
Portfolio Manager, Short Duration Fixed Income	Jean Hsu